COVID-19 Impact on Health Product Supply: Assessment and Recommendations

25 May 2020

The COVID-19 pandemic is impacting global health product supply chains, affecting key materials and ingredients, finished health products, logistics, shipping and more. The Global Fund is constantly and closely working with suppliers and partners to assess the impact on core health product supplies and provide recommendations for implementing partners on how to manage the impact.

This regularly updated document contains our most recent assessment and recommendations. Access the latest version of this document on the Global Fund website.

Assessment

As of 25 May 2020, the Global Fund’s product and delivery outlook shows the overall impact of COVID-19 on health product supply chains for Global Fund grants remains at moderate.

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<thead>
<tr>
<th>Area</th>
<th>Situation Update</th>
<th>Operational Risk Assessment</th>
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<tbody>
<tr>
<td>All pharmaceuticals</td>
<td>In India, reduced production is expected to continue through the lockdown period. Delays of 1-2 months are to be expected over the next few months. We continue to monitor progress directly with suppliers and the U.S. Government, WHO, the Stop TB Partnership and other partners to support access to needed products despite the challenging situation.</td>
<td>Moderate</td>
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<td>Including antiretroviral,</td>
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<td>malaria and TB medicines</td>
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<td>Long-lasting insecticidal nets</td>
<td>Longer lead times are expected for pyrethroid nets until production in India restarts. While India lockdown affects PBO supply, production in Viet Nam and Tanzania is ongoing, which allows us to mitigate risks. Initial supply issues for Next Generation nets have eased with China-based manufacturers now operating at full capacity.</td>
<td>Moderate</td>
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<td>Diagnostics</td>
<td>Supply constraints have emerged for malaria RDTs, and the Global Fund is actively engaging with partners and other suppliers to identify options to ensure supply continuity. Delays of at least 2 months are anticipated for orders placed after 10 April. There are no supply issues for Viral Load or Early Infant Diagnostics, however delays are likely due to logistics constraints.</td>
<td>Moderate</td>
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<td>Freight and logistics</td>
<td>Multiple origin and destination countries adopting different restrictions, are directly or indirectly impacting freight movements. The Global Fund’s Procurement Service Agents</td>
<td>Moderate</td>
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We are assessing potential delays for every order. Currently, 11% of orders face delays of more than thirty days, including 19% of orders in transit. We are communicating closely with Principal Recipients to review mitigation plans and adapt lead times to minimize disruption.

To mitigate delays and facilitate timely supply, the Global Fund is continuously engaging with suppliers to monitor progress and dynamically allocate to best supply options, in coordination with partners.

The Global Fund has taken steps to assess and address COVID-19-related procurement and supply chain risks.

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<th>Area</th>
<th>Global Fund Actions</th>
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| Conduct supply chain risk analysis | • Run risk analysis of upstream and downstream product supply chains.  
                                  • Identify possible threats involved in the end-to-end supply chain.                                      |
| Estimate the risk and impact | • Summarize high risk product or product categories, define current inventory buffer and locations.  
                                  • Conduct scenario planning to understand implications in prolonged supply chain interruption.  
                                  • Collect 6 to 12-month accurate demand to determine required supply, considering that the lead time range for core Global Fund health products is between 5 and 6 months. |
| Avoid the supply chain risk | • Explore options to ramp up alternative products, suppliers and additional supply options.  
                                  • Rerouting/changing transportation mode and leveraging other existing logistic capacity to reduce replenishment lead-times.  
                                  • Enhance demand verification process to correct inflated demand to mitigate the bullwhip effect. |
| Strengthen collaborative relationships | • Work in close collaboration with partners to identify and address critical supply challenges.  
                                  • Leverage partnership to optimize supply, logistics solutions and accelerate regulatory approval pathway.  
                                  • Jointly manage demand with common recipient countries. |
| Communicate timely | • Ensure timely and transparent communication to avoid unnecessary panic and develop contingency plan. |
| Control the risk | • Establish cross-function supply chain operational risk management committee when risk becomes high.  
                                  • Optimize processes and tools to support better planning and reduce demand fluctuations.  
                                  • Determine possible product and supplier shortlists in case alternate supply is required. |
Recommendations for Implementers

The Global Fund is advising Principal Recipients on the impact of COVID-19 on future orders and providing recommendations to optimize supply and enable reliable delivery.

Rapid decisions by Principal Recipients of freight proposals are required to secure the best available slot, as approval delays could contribute several weeks’ delays.

PRs should urgently submit all outstanding requisitions in wambo.org and send Procurement Request Forms (PRFs) to Stop TB/GDF for deliveries expected in 2020. We will work with our PSAs to explore options to minimize risks to supply disruption, however failure to place requisitions in line with the Category and Product-Level Procurement and Delivery Planning Guide: Indicative Lead Times increases the risk that an order will not be financed from the current implementation period because the order was not placed with sufficient time for delivery before the end of the grant.

Additional support for Principal Recipients is available through the COVID-19 Response Mechanism (C19RM) and other grant flexibilities. The C19RM will finance COVID-19 control measures consistent with WHO guidance, including personal protective equipment (PPE), diagnostics, treatment, communications and other measures.

Principal Recipients are strongly encouraged to procure PPE through local channels given the high global demand for these products. Only if Principal Recipients face severe challenges should they reach out to UNICEF Procurement Services to order through their catalogue. TB programs can also reach out to Stop TB’s Global Drug Facility to procure PPE.

The Global Fund is working closely with key partners, international organizations, governments and technical agencies through a World Health Organization-led consortium to rapidly and equitably support access to COVID-19 health products and diagnostics for low- and middle-income countries. We will provide detailed guidance for PRs in the coming days.

Principal Recipients participating in the Pooled Procurement Mechanism should reach out to their Global Fund Principal Recipient Services contact with any questions or for additional information. Other Principal Recipients should contact their Country Team should they incur significant challenges or delays of more than 30 days in procuring core life-saving products.